

Message Text

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44

ACTION TRSE-00

INFO OCT-01 EUR-12 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 L-03

H-02 PA-01 PRS-01 ISO-00 /087 W

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P 261708Z AUG 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 2398

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DEPARTMENT PASS TREASURY FOR SPRINGBORN AND KOOKER

E.O. 11652: N/A

TAGS: EFIN, GW

SUBJECT: SALE OF GERMAN GOVERNMENT SECURITIES TO
FOREIGNERS

REF: BONN 13473

1. THE BUNDESBANK AND THE FEDERAL GOVERNMENT HAVE NOW
MADE THE FOLLOWING CHANGES IN THE HANDLING OF SALES TO
FOREIGNERS OF GERMAN GOVERNMENT SECURITIES:

(A) THE BUNDESBANK HAS INFORMED GERMAN BANKS THAT
IT IS PREPARED TO LICENSE THE SALE TO FOREIGNERS OF
GERMAN GOVERNMENT SECURITIES WITH A REMAINING MATURITY
OF BETWEEN TWO AND FOUR YEARS (MATURITIES ABOVE 4 YEARS
DO NOT REQUIRE A LICENSE). INFORMALLY THE BUNDESBANK
HAS SET A LIMIT ON THE AMOUNTS OF LICENSES IT WILL GIVE
(WE UNDERSTAND DM 2 BILLION) AFTER WHICH IT WILL
RECONSIDER ITS POSITION.

(B) IN A PARALLEL MOVE THE FEDERAL MINISTRY OF
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FINANCE HAS INDICATED TO BANKS THAT UPON REQUEST IT IS

WILLING TO LEAVE OFF THE STAMP PROHIBITING A RESALE TO FOREIGNERS ON NEWLY ISSUED FEDERAL GOVERNMENT SCHULDSCHNE OF ABOVE 2 YEARS MATURITY. THOSE CAN THEN BE RESOLD TO FOREIGNERS WITHOUT REQUIRING A BUNDESBANK LICENSE.

2. THE FEDERAL MINISTRY OF FINANCE DOES NOT EXPECT THAT AT THIS TIME A VERY LARGE VOLUME OF FEDERAL GOVERNMENT SECURITIES OR SCHULDSCHNE WILL IN FACT BE SOLD TO FOREIGNERS. THE AIM OF THE GERMAN MOVE IS TO ASSURE THE GOVERNMENT THE MOST FAVORABLE FINANCING CONDITIONS. THE GOVERNMENT, HOWEVER, ALSO BELIEVES THAT RESULTANT MONEY INFLOWS MAY BE USEFUL IN OFFSETTING CAPITAL OUTFLOWS AND TAKING SOME PRESSURE OFF THE DM.
CASH

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Message Attributes

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Disposition Case Number: n/a
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Disposition Event:
Disposition History: n/a
Disposition Reason:
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